

Budget Speech

OF

THE HON. E. W. HINMAN

TREASURER OF THE PROVINCE OF ALBERTA

DELIVERED AT THE FIFTH SESSION
OF THE

Fourteenth Legislature

OF THE PROVINCE OF ALBERTA

1963

IN THE

Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

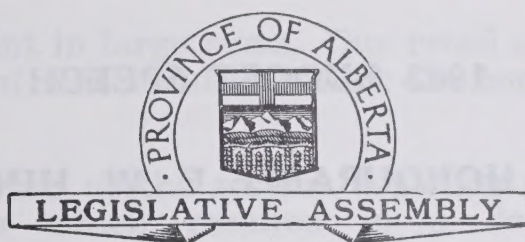
ALSO STATEMENTS OF
FINANCIAL AND GENERAL INFORMATION

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

EDMONTON

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1963 BUDGET SPEECH**THE HONOURABLE E. W. HINMAN****MR. SPEAKER:**

I rise to move that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of the sums to be granted to Her Majesty for the fiscal year ending March 31, 1964.

In speaking to this motion I would remind the Honourable Members that the task before the Assembly is one of apportioning comparative abundance to the services of a people whose unprovided needs, judged by any standards, cannot be considered vital or distressing. Moreover, the abundance is provided without the debilitating taxation which plagues the economy of many nations and of some provinces in this Dominion. In spite of unceasing inflationary tendencies, less pronounced of late years, our living standards continue to rise from year to year so that the opportunities and amenities enjoyed by those of modest incomes today are beyond the dreams of even the wealthy families of an earlier generation.

It has been said that the worst health problems of our country are those brought on by our excesses,—over-eating, over-drinking, over-playing, over-loafing, and over-worrying, chiefly about keeping up with the Joneses. I would suggest that the social, economic, and political ills of which we complain may be attributed to like causes in that we have acquired insatiable appetites for excesses of service, of subsidy and assistance, of security, of facilities for entertainment and leisure, and of promises and assurances, all at public expense. The symptoms of the resulting sickness of citizenship are discernible in our surrender of independence, of initiative, of reliance on reason, of dignity and in our abandonment of our willingness to contribute as individuals to pay a fair share of the cost of services enjoyed by society collectively and to work for the preservation of the freedoms on which our way of life depends.

Nevertheless, our economy and prosperity have continued to expand and there are fewer pockets of economic weakness than in any past year. Our population grows faster, percentage-wise, than that of any other province. Our over-all production has grown steadily and shows no sign of weakening. There has been a rapid growth in our labour force as post war babies reach the employable age, as more and more housewives seek employment, as immigration continues and as automation and mechanization release employees from certain jobs. However, we have not had any alarming increase in unemployment, and labour relations have continued to be remarkably cordial. Our province has continued to attract private and

corporate investment in large sums. Our retail sales have increased, while inventories of merchandise reflect the confidence of business men.

We are all aware of the serious depletion of Canada's foreign exchange reserves which resulted in a devaluated Canadian dollar. I do not propose to comment on the merits or demerits of devaluation except to say that Alberta reaped certain benefits in increased agricultural income, in higher returns from non-agricultural exports and in increased tourist trade. On the other hand many of our municipalities, the Alberta Government Telephones Commission and many Alberta corporate borrowers are penalized by the added costs of interest and debt retirement payments to be made in United States funds.

That the discretionary part of the incomes of our people has not suffered is evidenced in higher spending for new automobiles and gasoline, for liquor, for foreign travel, for entertainment, and for so-called luxury spending. That provincial revenues for the first nine months of the fiscal year have been higher than anticipated is another gratifying indication of Alberta's prosperity. We may anticipate that our share of the income tax attributable to 1962 will also exceed our expectations.

Our people will be justly proud that we can expect the revenue increases necessary to maintain the expenditure pattern to which we are accustomed and that we can embark on new programs without new forms of taxation and with no increases in the rates and charges which we must pay for provincial government purposes. Our total revenues are estimated at \$373,847,650, our expenditures are planned to require \$373,822,938 so that we anticipate a meagre but welcome surplus of \$24,712.

I shall now discuss more fully the conditions prevailing in the various aspects of our economy, and give you some related statistics.

AGRICULTURE

In contrast with the drought conditions in 1961, ample moisture during 1962 appeared to assure bumper crops. However, late rains delayed harvesting and a widespread frost caused deterioration in the quality of much of the crop. Fortunately, the yield was good and the value was considerably higher than last year.

Sale of livestock continued to be an important source of farm income. While the numbers of cattle and hogs produced were down from 1961, better prices on those marketed gave farmers nearly the same total income from cattle and hogs. Prices are still firm and appear to give assurance that 1963 will be a good year for livestock growers.

The value of livestock, dairy and poultry products was practically unchanged from the satisfactory returns in 1961.

Total value of agricultural production for 1962 is estimated to be \$791,992,000, an increase of 7% over 1961. Farm cash income increased by 5% to a total of \$553,000,000.

A table showing the estimated value of agricultural production for 1962 in comparison with that of 1961 appears at the end of this speech.

A joint program of the Governments of Canada and Alberta, known as ARDA, is being developed for Agricultural Rehabilitation and Development. A general agreement has been signed, and in due course additional agreements will be made covering the different aspects of the program such as pasture land development, alternate uses of land, conservation of land, conservation of water resources and research for the development of rural areas. The cost of these programs will be shared by the two Governments.

Development of such projects has been the policy of the Department of Agriculture for many years, but with Federal assistance, the programs can now be expanded.

Over the past fifty years large sums of money have been invested in the building of irrigation works in the semi-arid southern section of our province. This investment is now paying off, not only in direct revenues from the sale of specialized crops but also in indirect returns from increased sales of manufactured articles and increased employment.

The opening up of the northern part of the province has posed an entirely different problem, the need to drain off surplus surface waters. The Government is directing its attention to this problem.

The Brazeau dam has been completed, and downstream benefits from the regulation of the flow of the North Saskatchewan River are being felt. The first electric generation unit will be in operation within two years, and further units will be added as the demand for power grows.

NATURAL RESOURCES

The value of mineral production set a new record in 1962, reaching a total of \$579,000,000, 22% higher than production for 1961. Crude oil and condensate production rose by over 10% to 180,000,000 barrels valued at \$418,200,000. With the Alberta Southern Gas Pipeline to California in operation for the full year, natural gas production increased by nearly 50% from 569 billion c. f. in 1961 to 835 billion c. f. in 1962. Sales of natural gas amounted to \$73,800,000. Related products such as propane and butane also increased. Sulphur produced amounted to 980,000 tons, more than doubling the production of 434,000 tons in 1961.

The production target of 800,000 barrels of oil per day for Canada by the end of 1963, as set by the National Energy Board, will likely be achieved. While this achievement is gratifying, we must keep in mind that crude oil wells in Alberta alone are capable

of producing nearly 1,000,000 barrels daily. Efforts to increase markets for our oil cannot be relaxed.

Footage drilled in Alberta declined from 9.9 million feet in 1961 to 9.1 million feet in 1962. There were 1597 wells completed during the year, of which 688 were oil wells, 272 were gas wells, 584 were dry holes and 53 were service wells. At December 31, 1962, there were 10,796 oil wells and 1,235 gas wells capable of production, and a further 1384 gas wells available for production when markets are attained. Estimated established reserves in the Province at December 31, 1962 were 32 trillion cubic feet of natural gas, 3.6 billion barrels of crude oil, and 710 million barrels of condensates from natural gas.

Coal production remained steady at just over 2 million tons. However, with more thermal power stations now using coal, prospects are excellent for production to double in 1963.

A significant part of the 1962 oil picture has been the commencement of plans for developing the Athabasca oil sands. The Oil and Gas Conservation Board has approved the application of Great Canadian Oil Sands Limited to construct a commercial plant by 1966 for the recovery of 11.5 million barrels of synthetic crude annually.

The vast Athabasca oil sands region in north-eastern Alberta contains an estimated 300 billion barrels of oil. In the initial stages of oil sands development, production will be restricted to some five per cent of the total demand for Alberta oil.

As market growth enables the conventional oil wells to produce a greater proportion of their productive capacity, then increases in oil sands production may be permitted as recommended by the Oil and Gas Conservation Board on a scale, and so timed, as to retain incentive for the continued growth of the conventional industry.

INDUSTRIAL DEVELOPMENT

In 1962, the economic development of the Province proceeded at a most satisfactory rate. Significant is the fact that all four major sectors of the economy made advances which broke previous records. The value of mineral production reached \$579,000,000, an increase of 22% over 1961; cash farm income was up by 5% to \$553,000,000; the value of manufactured shipments continued its upward trend to a total of \$970,000,000, three per cent higher than the previous year, and building permits rose to an all time high of \$287,000,000. Moreover, there is every indication that the growth will continue in 1963.

The growth in the major sectors of the economy was reflected in a generally buoyant business climate. Compared with last year retail sales were up by 6% to \$1,460,000,000, motor vehicle sales reached \$160,000,000 an increase of 20%, bank debits rose by more than 12% to \$20,000,000,000, and the trend of wholesale sales indicated an increase of 10%.

During 1962 several multi-million dollar manufacturing plants were completed and construction commenced on others. It was encouraging to note that a number of plants which had established in the Province in the past few years undertook sizeable expansion programs to accommodate their growing volumes of business.

Among the more noticeable projects completed during the year were a \$7.0 million small diameter steel pipe mill, a number of gas processing plants, two packing plants in the one to one and a half million dollar range, and a million dollar milk condensery. Under construction at the end of 1962 were four gas processing plants valued at one to two million dollars each; one gas processing facility estimated to cost \$15.0 millions, a brewery valued at \$5 millions and several plant additions in the \$500,000 bracket.

Construction activity prevailed throughout the Province with building permits surpassing by \$13 millions the previous peak in 1959. Dwelling units continued to be built at a rate higher than the accelerated pace which became noticeable last year.

The past is so impressive and the future so promising that I am confident that the budgetary amounts which I shall soon present are in keeping with our economic growth.

CO-OPERATIVE ACTIVITIES

At the end of 1962, there were 1,002 co-operative associations in operation, of which 371 were Rural Electrification Associations and 304 were Credit Unions. Total membership was 437,129.

There were 2,758 farms electrified in 1962, bringing the total up to 58,593, which is 88% of the occupied farms in the Province. Under the Government's program of assistance for rural electrification a total of \$40,476,000 has been advanced though the amount owing by farmers at the end of 1962 was only \$19,783,000, thus reflecting the satisfactory retirement of the loans made.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

In my Budget Speech last year, I mentioned that, pursuant to The Alberta Income Tax Act, I had signed a Tax Collection Agreement with the Minister of Finance and that under the terms of this Agreement, the Federal Government will collect income taxes levied under authority of our Act, so long as our Act conforms with the provisions of the Federal Income Tax Act.

The arrangements for Succession Duties, under which we receive 50% of the duties attributable to Alberta, provided we do not levy such a tax on our own, will continue.

The Federal Government has also undertaken to pay Alberta an annual equalization payment in an amount sufficient that when added to our revenue from income taxes and succession duties

Alberta's total revenue from these sources shall be not less than the amount received in the last year of the tax sharing arrangements.

For the coming fiscal year I have estimated receipts of \$51,000,000, from our income tax act, \$2,500,000 from our share of succession duties, and an equalization payment of \$5,732,000. These receipts total \$59,232,000, which is the amount Alberta received for the fiscal year ended March 31, 1962, the last year under the previous tax sharing arrangements.

At this Session I shall introduce an amendment to The Alberta Income Tax Act, providing that the rate of individual income tax for 1964 be increased to 18% of the total levy and thus take up the amount of the Federal withdrawal in this field.

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM

The following table shows the extent of the current Winter Works Program in a comparison with last year.

	1961-62 Program Oct. 15/61 - May 30/62	1962-63 Program Oct. 15/62 - Apr. 30/63
Total projects undertaken	822	960
Total cost of projects	\$ 23,000,000	\$ 25,000,000
Total direct payroll costs	5,574,000	6,250,000
Federal share of payroll (50%)	2,787,000	3,125,000
Provincial share of payroll (25%)	1,393,000	1,562,500

Municipalities are taking greater advantage of this program. Through the current program they will save an estimated \$4,687,000 in labor costs and will give work to more than 10,000 men.

TREASURY BRANCHES

There was a very significant increase in business handled by the Treasury Branches during 1962. The economic growth of the Province, and the facilities offered by the Branches have attracted many new customers. A Drive-in-Branch; the first of its kind in Alberta was opened in Calgary last year, and two new branches, at Fort Macleod and Cold Lake were opened early this year. There are now 58 branches, 6 sub-branches and 93 agencies situated throughout the Province to provide a banking service to practically every community. Additional branches will be opened whenever it is considered economically sound and desirable to do so.

During 1962, total deposits increased by \$11,878,000 to a total of \$82,139,000 while the number of depositors increased to 78,300 compared with 74,100 at December 31, 1961. Total loans at the end of 1962 amounted to \$46,345,000, an increase of \$8,444,000 for the year, and provided financial assistance to nearly 9,000 borrowers.

For the fiscal year ended March 31, 1962, the Treasury Branches revenue amounted to \$3,878,000 and expenditures were \$2,797,000, realizing a profit of \$1,081,000. This profit again has been applied to the Reserve for Doubtful Accounts, and against the deficits incurred in the early years of operation. By March 31, 1963, these

deficits will be paid off, doubtful accounts will have an adequate reserve of \$3,000,000, and the Treasury Branches will continue to operate on a profitable basis.

AUDITORIA

A substantial increase in attendance at the Jubilee Auditoria in Edmonton and Calgary was recorded in 1962, with total attendance increasing by 26% to 1,036,000. Nearly 2500 sessions took place covering a wide variety of activities. There is ample testimony that the Auditoria have contributed materially to the cultural amenities of the people of the Province.

TOURIST TRAVEL

A record number of tourists visited our National Parks and other points of interest in the Province during 1962. The total number of visitors is estimated to be in excess of 3,000,000 who spent approximately \$70,000,000, representing an increase of more than 10% over 1961.

The Alberta Travel Bureau is conducting an intensified tourist attraction campaign by the distribution of all manner of informative pamphlets and maps, and through information centres, one of which is in Los Angeles, California. Improved motel accommodation and the availability of Provincial parks and campsites have added materially to our increasing tourist business.

THE ALBERTA HAIL INSURANCE BOARD

The Board experienced a substantial growth in business in 1962, nearly doubling the business done in 1961. A total of almost 2,000,000 acres was insured at a risk of \$18,574,000. Total premiums amounted to \$1,462,000 against which losses of \$794,000 were paid while dividends of \$120,000 were distributed to non-claimants. Reserves were increased to \$3,414,000 from \$3,144,000.

PUBLIC ACCOUNTS 1961-62

The Public Accounts for the fiscal year ended March 31, 1962 have been tabled and are available to the public. They provide detailed information regarding the financial operations of the Government for the year.

There is shown a deficit of \$1,234,909 which compares favorably with a deficit of \$13,509,970 for the previous year. Included in the capital receipts is a sum of \$12,645,000 being repayments on our invested reserves.

For the fiscal year ended March 31, 1962, I had budgeted for a deficit of \$13,292,175. There were a number of items of revenue and expenditure which were in excess of or less than the amounts estimated, the major item being an increase of \$9,675,000 in petroleum and natural gas royalties, due to a substantial increase in production.

CURRENT FISCAL YEAR

The Interim Financial Statement covering the Government's operations on a cash basis for the nine months ended December 31, 1962 has been made available to the Members of this Assembly.

The statement shows a deficit of \$10,145,699 from total receipts of \$298,013,979 and payments totalling \$308,159,678. These figures include our operations on both income and capital accounts, and it should be noted that receipts include \$10,362,400 representing repayments of loans, and a consequent reduction of that amount in our reserves.

Due to a somewhat larger portion of our annual expenditures being made in the first nine months of our fiscal year, I am confident that by the end of the year on March 31, 1963 our accounts will be practically in balance as forecast in my budget last year.

ESTIMATES FISCAL YEAR ENDING MARCH 31, 1964

Copies of the Estimates for the fiscal year ending March 31, 1964 have been tabled and distributed to the Members of this Assembly. The Estimates are summarized as follows:

Estimated revenue—income account	\$343,999,850	
Estimated receipts—capital account	29,847,800	
		\$373,847,650
Estimated expenditure—income account	\$302,458,013	
Estimated expenditure—capital account	71,364,925	
		373,822,938
		\$ 24,712
Estimated overall surplus		

Total estimated expenditures are at an unprecedented high of \$373,822,938 exceeding last year's record budget by \$18,902,508. We have again provided for substantial increases for education, health and welfare, and ample provision has been made for all other government services. I am confident that our expanding and balanced economy will provide the means to justify the revenues estimated to meet this budget, even though no new taxes or increased taxes are contemplated.

The following tables summarize our estimated revenues and expenditures by departments, and show comparisons with last year's estimates:

ESTIMATED REVENUE - INCOME ACCOUNT

Department	Estimates 1963-64	Estimates 1962-63	Increase Decrease*
Agriculture	\$ 1,154,450	\$ 1,021,370	\$ 133,080
Attorney General	6,023,150	5,627,450	395,700
Education	2,974,330	749,300	2,225,030
Executive Council	5,073,500	3,360,000	1,713,500
Highways	15,998,250	16,862,150	863,900*
Industry & Development	144,000	136,000	8,000
Labour	600,000	400,000	200,000
Lands and Forests	7,073,000	6,848,000	225,000
Legislation	71,110	13,105	58,005
Mines and Minerals	116,988,500	118,722,500	1,734,000*
Municipal Affairs	7,241,730	7,203,200	38,530
Provincial Secretary	42,983,310	39,838,835	3,144,475
Public Health	28,005,000	24,806,000	3,199,000
Public Works	1,091,170	828,210	262,960
Treasury—Federal Subsidies	2,815,000	2,790,000	25,000
Treasury—Federal-Provincial Fiscal Arrangements	9,932,000	12,750,000	2,818,000*
Treasury	95,831,350	88,619,800	7,211,550
TOTAL: Estimated Revenue Income Account	\$343,999,850	\$330,575,920	\$ 13,423,930

In addition to the foregoing statement of departmental revenue, I think it would be of interest to show the main sources from which the revenue is obtained, with a comparison with the amounts estimated last year.

Sources of Revenue	Estimates 1963-64	Estimates 1962-63	Increase Decrease*
The Alberta Income Tax Act	\$ 51,000,000	\$ 47,740,000	\$ 3,260,000
Tax sharing arrangements and subsidies	12,747,000	15,540,000	2,793,000*
Fuel oil tax and auto licenses	54,335,000	52,050,000	2,285,000
Alberta Liquor Control Board	25,500,000	21,500,000	4,000,000
Natural resources	124,061,500	125,570,500	1,509,000*
All other sources	76,356,350	68,175,420	8,180,930
	\$343,999,850	\$330,575,920	\$ 13,423,930

The following table shows the percentage of total revenues collected from each of these main sources for the past five years:

	Actual 1959-60	Actual 1960-61	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
The Alberta Income Tax Act .....	.....	.....	14.44	14.83	
Tax sharing arrangements and subsidies	17.62	19.80	18.03	4.70	3.71
Fuel oil tax and auto licenses	11.09	12.76	13.82	15.65	15.79
Alberta Liquor Control Board	5.62	6.80	6.25	6.50	7.41
Natural Resources	44.77	36.17	36.73	37.99	36.06
All other sources	20.90	24.47	25.17	20.72	22.20
	100.00%	100.00%	100.00%	100.00%	100.00%

ESTIMATED RECEIPTS – CAPITAL ACCOUNT

Department	Estimates 1963-64	Estimates 1962-63	Increase Decrease*
Agriculture	\$ 521,500	\$ 426,600	\$ 94,900
Highways	2,686,500	2,641,500	45,000
Lands and Forests	1,208,000	1,272,000	64,000*
Municipal Affairs	34,000	32,000	2,000
Public Works	14,130,500	9,188,000	4,942,500
Treasury	11,267,300	10,845,500	421,800
TOTAL: Estimated Capital Receipts	\$ 29,847,800	\$ 24,405,600	\$ 5,442,200

ESTIMATED EXPENDITURE – INCOME ACCOUNT

Department	Estimates 1963-64	Estimates 1962-63	Increase Decrease*	Percentage of Total Expenditure
Agriculture	\$ 5,310,480	\$ 4,868,630	\$ 441,850	1.76
Attorney General	10,336,014	9,689,005	647,009	3.42
Education	84,297,425	78,287,420	6,010,005	27.87
Executive Council	5,454,294	4,771,325	682,969	1.80
Highways	25,310,500	26,362,070	1,051,570*	8.37
Industry and Development	1,067,040	1,004,640	62,400	.35
Labour	2,414,065	2,353,700	60,365	.80
Lands and Forests	9,655,870	9,313,100	342,770	3.19
Legislation	1,549,485	1,327,615	221,870	.51
Mines and Minerals	1,498,860	1,370,640	128,220	.50
Municipal Affairs	3,591,810	3,182,300	409,510	1.19
Provincial Secretary	2,076,510	2,328,595	252,085*	.69
Public Debt	3,154,050	2,782,180	371,870	1.04
Public Health	87,303,800	75,524,100	11,779,700	28.86
Public Welfare	24,657,055	19,998,250	4,658,805	8.15
Public Works	14,022,650	12,906,670	1,115,980	4.64
Treasury	20,548,445	19,511,755	1,036,690	6.79
Vocational Training	209,660	154,090	55,570	.07
TOTAL: Estimated Expenditure				
Income Account	\$302,458,013	\$275,736,085	\$ 26,721,928	100.00%

ESTIMATED CAPITAL EXPENDITURE

Department	Estimates 1963-64	Estimates 1962-63	Decrease* Increase
Agriculture	\$ 2,175,660	\$ 1,867,195	\$ 308,465
Education	392,000	600,000	208,000*
Highways	39,238,770	37,840,310	1,398,460
Lands and Forests	827,000	827,000	
Public Works	26,456,495	33,537,440	7,080,945*
Treasury	2,275,000	2,162,400	112,600
TOTAL: Estimated Capital Expenditure	\$ 71,364,925	\$ 76,834,345	\$ 5,469,420*

I now draw your attention to detailed estimates for the various departments:

DEPARTMENT OF AGRICULTURE

	1963-64	1962-63	Increase
Estimated Revenue:			
Income Account	\$ 1,154,450	\$ 1,021,370	\$ 133,080
Capital Account	521,500	426,600	94,900
	\$ 1,675,950	\$ 1,447,970	\$ 227,980
Estimated Expenditure:			
Income Account	\$ 5,310,480	\$ 4,868,630	\$ 441,850
Capital Account	2,175,660	1,867,195	308,465
	\$ 7,486,140	\$ 6,735,825	\$ 750,315

In my economic review given earlier in this address, I mentioned a joint program of the Governments of Canada and Alberta for Agricultural Rehabilitation and Development, known as ARDA. For many years, the Department of Agriculture has been devoting attention to all the aspects of this program—pasture land development, alternate uses of land, conservation of land, conservation of water resources and development of rural areas. Substantial appropriations have been made for these projects. It is now very gratifying to have the Government of Canada recognize the importance of agricultural rehabilitation and development to our national economy and to feel that essential objectives, long recognized by the Department, can now be achieved by joint effort. In addition to the usual appropriations provided for these projects, we have added \$1,500,000 in anticipation of the contribution from the Federal Government.

All other services provided by the Department of Agriculture will be continued and expanded where it is in the public's interest to do so. Increased appropriations are requested for supervision and assistance given by the field crops, livestock, dairy and poultry branches. District agriculturists and home economists will continue to give service in farming areas, and the best known methods of controlling animal and crop diseases will be used. Substantial sums are again provided for the operation of the three Schools of Agriculture at Olds, Vermilion and Fairview, and the Department plans to operate the Olds School on a year round basis instead of the present six months in a year.

A large part of the activities of the Water Resources Branch will become part of the ARDA program. As a result there will be

more work done on irrigation, drainage and control of water supplies for making productive as pasture or crop lands areas now largely waste.

In the Department of Public Works, provision has been made for \$551,625 for construction of additional facilities at the Schools of Agriculture, and \$100,000 for a regional veterinary laboratory at Lethbridge.

ATTORNEY GENERAL'S DEPARTMENT

	1963-64	1962-63	Increase
Estimated Revenue:			
Income Account	\$ 6,023,150	\$ 5,627,450	\$ 395,700
Estimated Expenditure:			
Income Account	\$ 10,336,014	\$ 9,689,005	\$ 647,009

In the administration of justice and other legal matters, more than half of the total vote is required for police protection and the operation of our gaols and corrective institutions. There is to be further emphasis on the rehabilitation of offenders and on minimum security programs such as the forestry work camps begun 3 years ago. A total sum of \$3,716,610 has been requested to run our institutions compared with \$3,458,565 last year, and the Agreement with the Federal Government for R.C.M.P. protection will require \$1,895,410, an increase of \$171,800 over the cost of the Agreement for the previous year.

Business in our Land Titles Offices in Edmonton and Calgary continues on a large scale, and additional funds are required to accommodate the public in a satisfactory manner. Last year's appropriations have been increased by \$121,280 to affect these improvements. Further substantial amounts have been provided for the operation of our courts, the Public Trustee's offices, and for other legal services.

With continued activity at the Land Titles Offices, we again anticipate revenues of \$2,450,000 from fees imposed under the Act, while other fees and statute fines are expected to yield substantial receipts.

A number of improvements and additions are required at the institutions for which a sum of \$327,800 is in the estimates of the Department of Public Works.

DEPARTMENT OF EDUCATION

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue:			
Income Account	\$ 2,974,330	\$ 749,300	\$ 2,225,030
Estimated Expenditure:			
Income Account	\$ 84,297,425	\$ 78,287,420	\$ 6,010,005
Capital Account	392,000	600,000	208,000*
	\$ 84,689,425	\$ 78,887,420	\$ 5,802,005

Education and its costs are matters of vital concern to every resident of this Province. The number of students increased from

294,400 in 1961 to 312,700 in 1962, and the number of teachers increased from 12,607 to 13,342 over the same period. These statistics alone indicate the need for more money. In addition there is a growing demand for higher qualification for teachers and the desire of many school boards to provide comprehensive courses of studies for their students.

It is not my intention here to discuss these matters, but to point out that the Government is making a very large contribution to the cost of education. As shown in the table above, the total estimates for the Department of Education are \$84,689,425 which is 27.87% of the total estimated expenditures of the Government on income account and \$5,802,005 more than the amount voted last year. Our contribution to the School Foundation Fund has been increased from \$57,000,000 to \$63,000,000 and an additional \$8,000,000 has been provided to continue construction of technical schools. Of this amount \$6,304,000 will be recovered from the Federal Government. The Northern Alberta Institute of Technology has been opened and will soon be in full operation. The Estimates provide \$1,459,420 for the operation of this school next year, and \$1,701,600 for the expanding operations of the Southern Alberta Institute of Technology. Because of the technical nature of the courses offered at these two schools substantial amounts will be recovered from the Federal Government.

Again many students will be assisted to complete courses in higher education and a sum of \$1,545,650 has been included in the budget for grants and loans for this purpose. Well over 11,000 students are enrolled in correspondence school courses conducted by the department at an estimated cost of \$771,350. Further sums have been provided to reduce the cost of text books to students, and to assist in supervision and administration of schools.

Construction of technical schools under the Federal-Provincial scheme is well underway at 15 centres throughout the Province. It is expected that all the schools will be practically completed by March 31, 1963 and that instruction will commence with the opening of the 1963 school term. You will recall that last fall the Government announced that it would relieve School Boards of the 10% of construction costs which originally was to be their responsibility.

We anticipate another large increase in student enrolment at the University of Alberta, with 9,000 expected at Edmonton, and 2,200 at Calgary. In addition there will likely be 4,000 students attending summer courses and nearly 2,000 taking evening classes, with several hundred more taking advantage of the part-time courses offered. The Government has provided an appropriation of \$11,000,000 towards the operation of the University.

Under the Vocational Training Vote we have made provision for cost-sharing agreements with the Federal Government for the training of unemployed and disabled persons, and also to prepare teachers to conduct courses in vocational training. A total sum of \$611,440 is expected to be spent on these programs of which the

Federal Government will reimburse the Province to the extent of \$401,780.

In the Department of Public Works Estimates, provision has been made for a continuation of the large program of constructing education buildings. More than one million dollars will be spent on the Schools of Technology, and a total of \$9,618,500 will be required for University buildings including \$4,850,000 for the two libraries on the Edmonton and Calgary campuses. The Education Building in Edmonton will be finished, and construction will commence on the Engineering and Science Buildings on the Calgary campus. A further sum of \$3,400,000 has been requested for furnishings and equipment throughout the University buildings.

EXECUTIVE COUNCIL

	1963-64	1962-63	Increase
Estimated Revenue:			
Income Account	\$ 5,073,500	\$ 3,860,000	\$ 1,713,500
Estimated Expenditure:			
Income Account	\$ 5,454,294	\$ 4,771,325	\$ 682,969

Many applications have been received from local governing bodies to take advantage of the provisions of The Local Authorities Pension Act passed at the last sitting of this Legislature. The Public Service Pension Board will take over the assets and future contributions of pension plans already in effect which qualify for acceptance under the Act and will assume responsibility for pension payments in accordance with the Act. It is expected that funds totalling \$1,500,000 will be taken over next year to be deposited into General Revenue in the same manner as the anticipated \$3,500,000 contributions from the Public Service Pension and Retirement Plans. Payments from these pension funds will require an estimated \$2,965,000.

The appropriation for the Research Council has been increased by \$116,000 to \$1,369,684 to enable the Council to continue its studies and research in assisting in the industrial development of the Province.

Payment of the Government's contributions for the operating costs of the Oil and Gas Conservation Board, formerly part of the Department of Mines and Minerals, will now be made from an appropriation of \$708,000 in the Executive Council vote.

DEPARTMENT OF HIGHWAYS

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue:			
Income Account	\$ 15,998,250	\$ 16,862,150	\$ 863,900*
Capital Account	2,686,500	2,641,500	45,000
	\$ 18,684,750	\$ 19,503,650	\$ 818,900*
Estimated Expenditure:			
Income Account	\$ 25,310,500	\$ 26,362,070	\$ 1,051,570*
Capital Account	39,238,770	37,840,310	1,398,460
	\$ 64,549,270	\$ 64,202,380	\$ 346,890

The Government's intention to provide a network of good roads, can best be illustrated by the following table:

ADMINISTRATION AND MAINTENANCE

	1963-64	1962-63	Increase or Decrease*
Main Highways and Bridges	\$ 6,110,050	\$ 6,124,900	\$ 14,850*
Construction and Maintenance of Bridges in Municipalities	3,000,000	2,900,000	100,000
Construction and Maintenance of Roads in Municipalities	11,800,000	13,000,000	1,200,000*
Construction—Municipal Projects	1,250,000	1,250,000	.....
Approach Roads	500,000	500,000	.....
Motor Vehicle Branch	1,741,390	1,687,920	53,470
Administration	909,060	899,250	9,810
	\$ 25,310,500	\$ 26,362,070	\$ 1,051,570*

CONSTRUCTION

	1963-64	1962-63	Increase or Decrease*
Main Highways, Ferries & Bridges	\$ 39,238,770	\$ 37,840,310	\$ 1,398,460

The phase of the five year program in respect of paving in towns, villages and hamlets has been practically completed in the present fiscal year. The comparatively small amount required to finish this program next year accounts for the decreased vote for Administration and Maintenance.

The Construction vote has been increased by nearly \$1,400,000 due to an accelerated program of building roads to natural resources. The Federal Government shares the cost of this project.

Revenue of \$15,435,000 is expected from registering and licensing motor vehicles and drivers. We anticipate an increase in registrations, but total revenue is down due to a majority of the five-year licenses for operators expiring in the present fiscal year.

Our extensive highways program requires servicing areas and shops at strategic points throughout the Province. The Public Works Department will continue to provide these facilities at an estimated cost of \$441,750.

DEPARTMENT OF INDUSTRY AND DEVELOPMENT

	1963-64	1962-63	Increase
Estimated Revenue: Income Account	\$ 144,000	\$ 136,000	\$ 8,000
Estimated Expenditure: Income Account	\$ 1,067,040	\$ 1,004,640	\$ 62,400

The function of the Department of Industry and Development is to promote and regulate industry in the Province. Pamphlets, films and statistics are prepared and distributed throughout the country and abroad. The Provincial Marketing Board is developing a plan for promoting the sale of Alberta products beyond our borders and the Alberta Power Commission is studying economical methods of utilizing our power resources. Co-operative activities, including Rural Electrification Associations and Credit Unions, have benefited many thousands of our residents and are given every assistance by the supervisor and his staff.

DEPARTMENT OF LABOUR

	1963-64	1962-63	Increase
Estimated Revenue:			
Income Account	\$ 600,000	\$ 400,000	\$ 200,000
Estimated Expenditure:			
Income Account	\$ 2,414,065	\$ 2,353,700	\$ 60,365

Through the Board of Industrial Relations, the Department will continue its successful work in maintaining satisfactory management-labour relations.

Industrial growth has resulted inevitably in a much more extensive use of gas and electricity, necessitating that measures be taken to protect persons and property whenever new installations are made. The Estimates for the Department include \$1,082,335 to make the necessary inspections.

The Department supervises apprenticeship training at a total cost of \$1,338,185. Under cost-sharing arrangements with the Federal Government, reimbursements of \$600,000 will be received, leaving a net cost to the Province of \$738,185. These courses will provide industrial training for nearly 5,000 apprentices in 23 trades.

DEPARTMENT OF LANDS AND FORESTS

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue:			
Income Account	\$ 7,073,000	\$ 6,848,000	\$ 225,000
Capital Account	1,208,000	1,272,000	64,000*
	\$ 8,281,000	\$ 8,120,000	\$ 161,000
Estimated Expenditure:			
Income Account	\$ 9,655,870	\$ 9,313,100	\$ 342,770
Capital Account	827,000	827,000	.....
	\$ 10,482,870	\$ 10,140,100	\$ 342,770

In 1962, the Department had a welcome respite from the severe incidence of forest fires experienced in 1961. Undoubtedly wet weather was the main deterring factor, but the availability and prompt use of adequate protective measures helped to keep fire losses to a minimum. We cannot afford to relax in forest management and protection and again we have asked for a very large sum to continue this program. Various appropriations comprising this service come to a total of \$6,231,700 which is \$200,000 more than the amount voted for the current year.

Fish and wild life also are important natural resources which must be preserved, and a further substantial appropriation of \$939,765 has been included for this purpose. Provincial parks are becoming very popular and \$858,340 has been provided to continue development of these sites. Building of forest access roads will go ahead on a cost-sharing basis with the Federal Government.

There appears to be a trend towards increasing activity in timber, and as a result we have increased estimated revenue from

fees and rentals by \$160,000 to \$3,150,000. Receipts from royalties and licenses under the fish and game acts are expected to yield \$1,105,500, and substantial revenue is expected from land and grazing contracts.

The Public Works Department will spend \$279,900 in building warehouses and ranger stations in appropriate forest areas.

LEGISLATION

	1963-64	1962-63	Increase
Estimated Revenue: Income Account	\$ 71,110	\$ 13,105	\$ 58,005
Estimated Expenditure: Income Account	\$ 1,549,485	\$ 1,327,615	\$ 221,870

Sessional Indemnities will require \$347,000, the same amount which was voted last year. The Provincial Auditor's office and Data Processing Centre have been given Appropriations of \$436,085 and \$668,420 respectively, the latter amount being \$178,975 higher than last year chiefly due to additional staff and equipment required to process additional applications within the Government service.

DEPARTMENT OF MINES AND MINERALS

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue: Income Account	\$116,988,500	\$118,722,500	\$ 1,734,000*
Estimated Expenditure: Income Account	\$ 1,498,860	\$ 1,370,640	\$ 128,220

With the production of oil and gas at an all-time high, and with a reasonable assumption of further improvement, we have estimated royalties at \$48,000,000, which is \$6,000,000 more than the amount estimated last year. A considerable reduction in the proceeds from the sale of Crown leases and reservations is anticipated, and revenue from this source has been reduced by \$8,000,000 to \$28,000,000. Rentals are expected to remain the same at \$38,000,000.

Expenditures totalling \$1,498,860 are estimated for the administration and control of these natural resources. Included in these expenditures is a new appropriation for \$133,800 to provide funds for the establishment and operation of a Surface Reclamation Council to arbitrate equitable settlements between companies and individuals owning land on which the companies propose some development. You will be asked to approve legislation for the purpose of establishing this Council.

DEPARTMENT OF MUNICIPAL AFFAIRS

	1963-64	1962-63	Increase
Estimated Revenue: Income Account	\$ 7,241,730	\$ 7,203,200	\$ 38,530
Capital Account	34,000	32,000	2,000
	\$ 7,275,730	\$ 7,235,200	\$ 40,530
Estimated Expenditure: Income Account	\$ 3,591,810	\$ 3,182,300	\$ 409,510

Many of our municipalities are taking greater advantage of the Municipal Winter Works Incentive Program. Winter conditions present no great problem to engineers and contractors, and local authorities are reaping the benefit of Government grants equal to 75% of labor costs, as well as alleviating unemployment conditions by providing employment during a normally slack season. The Department's estimates to pay for three-quarters of labor costs include \$5,000,000 compared with \$4,200,000 estimated last year. The Federal Government will reimburse us for two-thirds of this expenditure, amounting to \$3,320,000.

Assistance to and supervision of assessment in municipalities will be extended at a cost of \$1,034,380.

The Department receives the proceeds of requisitions on the municipalities for the Provincial hospitalization plan which calls for a levy of four mills on total equalized assessments and is expected to yield \$7,069,230.

PROVINCIAL SECRETARY'S DEPARTMENT

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue: Income Account	\$ 42,983,310	\$ 39,838,835	\$ 3,144,475
Estimated Expenditure: Income Account	\$ 2,076,510	\$ 2,328,595	\$ 252,085*

Receipts under The Fuel Oil Tax Act are a fairly true indication of the state of our economy. Last year our increased collections reflected growth, and we anticipate further growth in 1963. Accordingly we have estimated that fuel oil taxes will increase to \$38,900,000 compared with \$35,750,000 estimated for the current year, without any increase in rates.

Collections under The Insurance Corporation Tax Act and The Pari-Mutuel Tax Act will not change materially and are expected to yield \$2,300,000 and \$920,000 respectively.

In the estimated expenditures for the Department, \$600,000 has been provided to complete payment of recreational grants to municipalities. This compares with \$1,000,000 voted last year.

Development of recreation and cultural activities will be expanded to cost an estimated \$535,280, an increase of \$134,000 over last year's appropriation. This expansion is due to participation by the Federal Government in the activities to the extent of \$77,790.

A museum consultant has been retained, and the organization for the Provincial Museum and Archives is now underway.

PUBLIC DEBT

	1963-64	1962-63	Increase
Estimated Expenditure: Income Account	\$ 3,154,050	\$ 2,782,180	\$ 371,870

The increased vote for Public Debt is due to the incidence of a larger amount of our debt maturing next year, and to adequate

provision for American exchange on our debt obligations payable in that currency. The Vote includes \$2,360,000 for debt retirement compared with \$2,035,000 appropriated last year, and \$200,000 for U.S. exchange, an increase of \$90,000. Interest on our public debt is down to \$579,000 from \$628,000.

Our funded debt amounted to \$21,688,473, as at December 31, 1962, a decrease of \$2,069,018 for the year. Our guaranteed debt, due almost entirely to the borrowing requirements of the Alberta Municipal Financing Corporation and The Alberta Government Telephones Commission amounted to \$313,343,687 at the end of 1962.

At March 31, 1962, our investments amounted to \$414,357,000, slightly higher than they were at the end of the previous fiscal year when they totalled \$410,281,000. Of this amount, \$263,628,000 represents investments in bonds of our municipalities, school boards, hospital boards, rural electrification associations and The Alberta Government Telephones Commission, and \$150,729,000 in cash and Federal and Provincial debentures.

DEPARTMENT OF PUBLIC HEALTH

	1963-64	1962-63	Increase
Estimated Revenue: Income Account	\$ 28,005,000	\$ 24,806,000	\$ 3,199,000
Income Account	\$ 87,303,800	\$ 75,524,100	\$ 11,779,700

Total estimates for the Department of Public Health amount to \$87,303,800, which is \$11,779,700 more than last year's estimates, and represents 23.35% of our total revenue on income and capital accounts. Actually the full estimated requirement of the Department is \$93,440,770, which is an expenditure of \$67.00 for every person in the Province. Many of the services are on a cost-sharing basis with the Federal Government, and reimbursements of \$6,136,900 will reduce the estimated expenditure of the Department to the amount shown in the above table.

Of particular interest is the Government's intention to start a program of medical care to help those residents in need of financial assistance in obtaining prepaid medical insurance. The sum of \$1,000,000 has been provided to commence this program in 1963. Of interest also is the establishment of the Glenrose Auxiliary Hospital in Edmonton in the building formerly occupied by the Royal Alexandra Hospital. Part of this new hospital will be used to commence a program for the multiple handicapped until a new centre is ready for this purpose.

Cost of the Alberta Hospitalization plan has increased by \$8,866,000 to \$63,116,300. Under this plan, payments are made to all hospitals for approved operating costs, for renovations and equipment, and for interest and repayments on capital debt. With new auxiliary and active treatment hospitals coming into operation, and

the operating costs of all hospitals going up, additional funds are required to pay for the plan. The Federal Government will contribute approximately 40% of the costs, and \$25,000,000 has been included in the estimated revenue to reflect this contribution.

Hospital construction continues on a very large scale, and construction grants to hospital boards on a per bed basis will need \$4,000,000 again next year. One-half of this amount is recoverable from the Federal Government.

Improvements in facilities and care at our mental institutions will be made at an increased cost of more than \$1,000,000.

The following table shows the estimated net cost of all health services provided by the Department in comparison with the estimated costs last year:

	Estimates 1963-64	Estimates 1962-63	Increase
Alberta Hospitalization Plan	\$ 63,116,300	\$ 54,250,300	\$ 8,866,000
Care of Mentally Ill	12,194,000	11,151,500	1,042,500
Care of Tuberculosis Patients	2,350,100	2,240,600	109,500
Cancer Treatment	1,225,350	1,069,885	155,465
Medical Care of Pensioners	2,097,800	2,080,000	17,800
Medical Care	1,000,000	.....	1,000,000
Hospital Construction Grants	2,000,000	2,000,000	.....
Administration and Other Health Services	3,320,250	2,731,815	588,435
	\$ 87,303,800	\$ 75,524,100	\$ 11,779,700

Extensive construction will be carried out again by the Department of Public Works at an estimated cost of \$3,368,200, including \$2,688,200 for new wards, services, a reception unit and other facilities at the mental institutions. A Provincial health laboratory will be built in Edmonton at an estimated cost of \$610,000.

DEPARTMENT OF PUBLIC WELFARE

	1963-64	1962-63	Increase
Estimated Expenditure: Income Account	\$ 24,657,055	\$ 19,998,250	\$ 4,658,805

The Government's policy in the field of welfare is to make available to all needy residents such assistance as is necessary to assure a reasonable standard of living. Twenty-five regional offices staffed with social workers, are situated throughout the Province to assess the needs of individuals within their areas. The Department will continue to pay pensions and allowances to the various categories of recipients at the increased level established in February 1962 and will bear the child welfare costs which spiral upward as the number of government wards increases.

The full amount of welfare in the Province for next year is estimated to cost \$37,712,775, against which we apply Federal reimbursements of \$13,055,720.

To give you a picture of the net cost of our welfare program, I would draw your attention to the following table:

	Estimates 1963-64	Estimates 1962-63	Increase or Decrease*	Number of Recipients
Public Assistance	\$ 9,935,725	\$ 6,326,220	\$ 3,609,505	9,000
Rehabilitation	290,350	238,580	51,770	.....
Child Welfare	3,400,185	2,766,490	633,695	4,100
Pensions and Allowances	4,976,950	4,755,750	221,200	11,670
Supplementary Allowances	3,663,500	4,057,250	393,750*	20,780
Emergency Measures Organization	430,260	191,315	238,945	.....
Administration	1,960,085	1,662,645	297,440	.....
	\$ 24,657,055	\$ 19,998,250	\$ 4,658,805	

The Public Works Department will spend \$1,345,000 to build four new Homes for the Aged next year, and to complete eight Homes presently under construction. This will bring the total number of Homes up to 53 by the end of next year. Pineview Maternity Home in Edmonton will be completed, and \$200,000 will be required to reconstruct the Beulah Maternity Home.

Administration of the Emergency Measures Organization has been transferred from the Department of Agriculture to this Department.

DEPARTMENT OF PUBLIC WORKS

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue:			
Income account	\$ 1,091,170	\$ 828,210	\$ 262,960
Capital Account	14,130,500	9,188,000	4,942,500
	\$ 15,221,670	\$ 10,016,210	\$ 5,205,460
Estimated Expenditure:			
Income Account	\$ 14,022,650	\$ 12,906,670	\$ 1,115,980
Capital Account	26,456,495	33,537,440	7,080,945*
	\$ 40,479,145	\$ 46,444,110	\$ 5,964,965

In reviewing the estimates for each Department, I have indicated the capital funds required for buildings. Constructing and furnishing all public buildings is the responsibility of the Department of Public Works, and the following table shows the complete program to be undertaken next year:

1. Department of Agriculture:	
Construction at schools and regional laboratory	\$ 661,725
2. Attorney General's Department:	
Construction at gaols and institutions	327,800
3. Department of Education:	
Construction on University campuses	9,618,500
Construction at Institutes of Technology	1,011,200
4. Department of Highways:	
Maintenance shops	441,750
5. Department of Lands and Forests:	
Construction of warehouses, ranger stations, etc.	279,900
6. Department of Public Health:	
Construction at Mental Hospitals	2,688,200
Construction—Provincial Laboratory—Edmonton	610,000
Other Construction	70,000
7. Department of Public Welfare:	
Construct homes for aged	1,582,700
Construct hostels and maternity homes	474,600
8. Department of Public Works:	
Power plant building on University grounds	161,000
Legislative, Provincial buildings, court houses and shop	1,687,200
9. Treasury Department:	
Treasury branches	250,000
Total estimated construction of public buildings	\$ 19,864,575
Construction at provincial power plants	317,700
Furnishings and equipment for all public buildings	6,274,220
TOTAL: Department of Public Works—Capital Estimates	\$ 26,456,495

Maintenance of public buildings is expected to cost \$11,773,960 compared with \$10,625,030 estimated last year. One million, five hundred thousand dollars has been included to pay grants to municipalities in lieu of taxes on Crown property and a further sum of \$303,900 has been provided to assist in renovation of buildings in Edmonton and Lethbridge for city police stations.

Revenue on income account is obtained from power rates and property rentals, and capital receipts will come from the Federal Government and other authorities as reimbursements of capital costs in connection with educational buildings.

TREASURY DEPARTMENT

	1963-64	1962-63	Increase or Decrease*
Estimated Revenue:			
Income Account			
Government of Canada	\$ 12,747,000	\$ 15,540,000	\$ 2,793,000*
Departmental	95,831,350	88,619,800	7,211,550
Capital Account	11,267,300	10,845,500	421,800
	<u>\$119,845,650</u>	<u>\$115,005,300</u>	<u>\$ 4,840,350</u>
Estimated Expenditure:			
Income Account	\$ 20,548,445	\$ 19,511,755	\$ 1,036,690
Capital Account	2,275,000	2,162,400	112,600
	<u>\$ 22,823,445</u>	<u>\$ 21,674,155</u>	<u>\$ 1,149,290</u>

Under our fiscal arrangements with the Federal Government we expect to receive \$51,000,000 from The Alberta Income Tax Act, an equalization payment of \$5,732,000 and \$2,500,000 as our share of estate taxes collected by Canada. In addition we anticipate \$2,815,000 in statutory subsidies and \$1,700,000 as our equal share of income taxes on certain public utilities corporations, collected by the Federal Government.

Profits from the operations of the Alberta Liquor Control Board are increasing, and we have estimated revenue of \$25,500,000 from this source, \$4,000,000 more than the amount estimated last year. From our invested reserves, we will receive \$14,914,250 in interest and \$11,267,300 in principal repayments.

The business of the Treasury Branches is expanding and they will require that the appropriation increase from \$2,986,740 to \$3,439,475. However, earnings and profits are also increasing and are expected to yield revenues of \$4,100,000 compared with \$3,850,000 estimated a year ago.

Again the Treasury will distribute \$15,000,000 in unconditional grants to municipalities.

Construction of the initial water storage development at Brazeau is scheduled to be completed by Calgary Power Limited by the end of next year. Under our agreement with the company we will reimburse them for capital costs on this project, and have provided in capital advances for an expenditure of \$2,250,000. This will bring

our total advances to approximately \$12,000,000, well under the original estimate of \$14,000,000. Calgary Power Limited will repay these advances on or before October 1, 1980.

In addition to our budgetary estimates, certain loans are made under the authority of our statutes. It is estimated that loans totalling \$2,500,000 will be made to farmers under the Farm Purchase Credit Act for the purpose of acquiring economic farm units. The Government has already advanced an aggregate of nearly \$10,000,000 to 1882 farmers under this Act.

Loans will also be made to Rural Telephone Associations to enable these Associations to operate their own systems. Such loans are expected to amount to \$500,000 next year.

These loans will increase our reserves, and are financed by an offsetting reduction in our liquid reserves.

MUNICIPAL ASSISTANCE

A statement of assistance to municipalities is appended to this address, and you will note that the total assistance to be made directly and indirectly to local authorities is estimated to be \$156,554,930 for next year, an increase of \$3,989,153 over a revised estimate of total assistance for the current year. Actually the increase in benefits to municipalities in their operations for next year could be stated to be several million dollars higher because construction grants for schools are down by \$12,750,000 due to the fact that building of technical schools was essentially a rush program for the 1962-63 fiscal year to take full advantage of the Federal Government's contributions.

There is an increase of \$5,764,000 in our payments to the School Foundation Fund, and net hospitalization costs provided for the benefit of residents will amount to \$48,253,330 which is \$7,601,840 more than the amount provided for this year. Other categories of assistance will be maintained in the substantial amounts provided in past years.

Total assistance to municipalities for the fourteen year period to March 31, 1964 is \$1,201,614,469, and in addition local authorities have benefitted by loans from the Government amounting to \$296,571,314, and \$300,000,000 from the Alberta Municipal Financing Corporation.

CONCLUSION

Now, Mr. Speaker, the Honourable Members have the facts and the figures of the budget, but it will take a little while to get the full significance of it and its proper relationships with those principles which have for 28 years guided the Social Credit Government of this province. Perhaps a few comments will be helpful in the task of interpretation.

When a budget is truly balanced the earned revenue from operational and capital accounts must equal the total expenditures

for operations and for capital acquisitions. If earned revenue is more than total expenditure it is a surplus budget. If it is less, it is a deficit budget. This is a surplus budget. I wonder whether all the Honourable Members are aware that many provincial budgets are balanced on a far different basis. In some cases borrowed funds are added to earned revenue to achieve a balance; in other cases certain operations of government are transferred to Crown Corporations which must borrow for both operational and capital expenditures. Another device is to exclude from the budget the capital items paid for with debt money and to show as expenditures only the payments made for interest and debt retirement. It is not uncommon for a budget to be relieved of responsibility for taxation and expenditures by placing certain items under a toll system — highways, bridges, ferries, tunnels, overpasses, etc. You will realize that if our major bridges were on a toll system there would be left a considerable sum as budget surplus. If our public buildings this year were to be all debt financed we would have some \$20,000,000 left as surplus. If the Government contributed nothing from general revenue for irrigation, depending on debt and tolls for total revenue in this field, there would be a bigger surplus. But this Government is opposed to public debt.

The percent of total revenue to accrue from direct taxation for provincial purposes is also a figure worth some comparisons. Outside the 32 mill education tax and the 4 mill hospital tax which are for transfer payments to school and hospital boards this budget contains only some 95 million dollars of tax revenue which make up 25% of the total. Had there been a 3% sales tax (7 other provinces collect 3% or more) on even half of the retail sales in Alberta, there would have been some 21 million dollars in additional revenue. Had we a substantial poll tax on adults over 21 years of age as in at least one province, we might have expected five and half millions more. If our gasoline tax were raised to the level of the next lowest tax in Canada we might have had an additional \$3,165,000. There are many other taxes which we are glad we do not have to levy for this Government has always stood for keeping taxation at a minimum.

On the expenditure side there are some interesting comparisons to be made. Were our per capita expenditures for education reduced to the estimated national average we would have had about \$22,400,000 left in the Treasury. Were the number of hospital beds per thousand of population reduced to the national average we might have retained another \$2,500,000 or so. Were our welfare payments kept at the national per capita average we might easily have retained six millions of dollars. Had our miles of surfaced highways, our investments in parks and camp sites, our assistance to agriculture including our Agricultural Colleges, and our research expenditures—had these been held to the national per capita average, what a budget surplus we might have had! But this Government believes that our people want standards in public service to keep pace with rising standards of living in every other field and so a great effort has been made to give the utmost service that can

be given without creating debt and without a mounting tax burden for provincial government purposes.

Calvin Coolidge once said, "Nothing is easier than spending the public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody." Mr. Coolidge might have added that nothing is harder than maintaining the necessary flow of money into the public Treasury. The needs of government are not readily apparent and firm resistance to collection of public revenues is often regarded as the most virtuous show of thrift. Yet it is my firm conviction that this resistance is often based on resentment to government expenditures for services beyond those which the individual wants for himself or thinks justifiable for his neighbor.

I am beginning to doubt that our citizens really subscribe to the doctrine of postponementism which politicians have come to accept as the only means of attaining office. Not one of us would be naive enough to go on lending even to a friend whose debts are perpetually rising. Only the most irresponsible among us would continue to pile up debts so fast that it were necessary to borrow to pay the interest. It does not require very much economic maturity to understand that a province or a nation which, in the midst of unprecedented prosperity, is unwilling to pay as it goes will never in the future be willing to pay its debts and will consequently condemn itself to doing without forever those things which could have been provided with the interest money saved. Wise men often prefer to postpone immediate benefits in the interests of future security and prosperity. Those who would persuade us that deficit budgeting to prime the economic pump is sound government policy are disregarding the lessons of history and the science of logic, for dollars exacted by taxes or by borrowing for public expenditures are removed from private and corporate spending and there is no dearth of evidence to show that government spending will be no wiser and no more effective in sparking economic vigour than will be the private and corporate spending displaced.

Many of the expenditures for which this budget provides are designed to foster an economic and political climate stimulating to private enterprise. Large expenditures are provided for highway maintenance and extension. Funds are provided for water resources to keep pace with the program of water supply and pollution control. Provision has been made for the continued efforts of the Research Council which have been, over the years, most helpful in promoting industrial expansion. The Department of Industry and Development will have the funds to maintain the many helpful services which business and industry have come to expect. The large vote under Public Works will go a long way toward stabilizing Alberta's extensive construction industry. An 11 million dollar vote to the University, the highest per student grants in Canada, and generous provision for the two Provincial Technical Schools give continued assurance to business that well trained personnel will be available year after year. Our apprenticeship training program, already at the top in Canada, will have financial support for con-

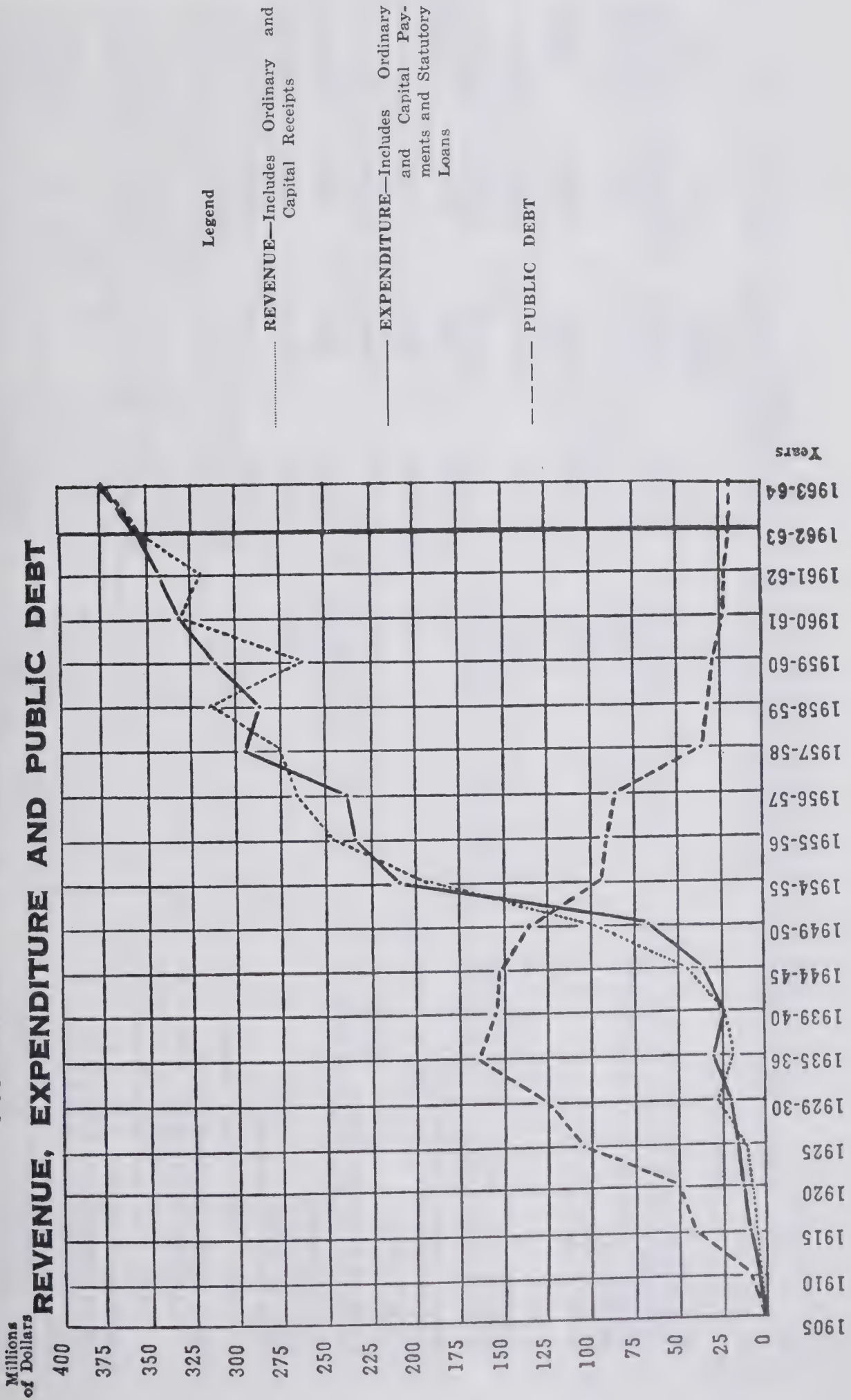
tinued expansion. Increased appropriations for Health and Welfare including a new budget item for the beginning of a Medical Care Program will play an important part in attracting to Alberta those looking for a land of opportunity and social blessedness. The Provincial Secretary will have the funds for continued grants and assistance to the cultural activities which mean so much to our people. The provision of funds to prepare the old Court House in Calgary for the displays of the Glenbow Foundation will be an important step in making our people aware of the pioneering heritage which is ours. The creation of a pool of well trained policemen for municipal and special provincial work will fill a long felt need in the public protection service.

In the field of social service and rehabilitation the budget indicates government consciousness of our collective responsibility and enlightened point of view. There is provision for minimum security forestry work camps for co-operative prisoners and for a minimum security farm for chronic alcoholics. There is provision for assistance grants to the many organizations which marshal voluntary help for the needy, the weak and the disabled. There is provision for the first unit of hospital-schools designed to train the physically handicapped and mentally retarded.

The detailed estimates which you will be asked to approve document the devotion of a people and a government to the task of keeping Alberta out in front.

Mr. Speaker, it is with pride that I commend to the consideration of this Assembly a budget firmly grounded on sound policy rather than loud promise, on action planned for progress rather than expediency.

PROVINCE OF ALBERTA
REVENUE, EXPENDITURE AND PUBLIC DEBT



PROVINCIAL ASSISTANCE TO MUNICIPALITIES FOR THE FOURTEEN YEARS ENDING MARCH 31, 1951 TO MARCH 31, 1964

DIRECT FINANCIAL ASSISTANCE		Total 11 Years Apr. 1/50 to Mar. 31/61	1961-62 Actual	1962-63 Revised Estimate	1963-64 Estimated	Total 14 Years
1.	Education:					
	Operational Grants to Schools	\$256,315,829	\$ 54,025,098	\$ 57,236,000	\$ 63,000,000	\$ 430,576,927
	Construction Grants to Schools	75,396,592	6,959,470	7,750,000	2,000,000	92,106,062
	Construction Grants to Technical Schools (net)	—	—	5,000,000	2,000,000	7,000,000
	Grants to Teachers' Retirement Fund	4,410,030	—	—	—	4,410,030
2.	Public Health:					
	Hospital Construction Grants	5,899,716	1,835,620	1,883,472	2,000,000	11,618,808
	Health Service Grants	2,914,616	702,301	748,815	1,002,100	5,367,832
3.	Highways:					
	Grants for roads, bridges and other structures	107,467,770	18,139,678	16,650,000	15,550,000	157,807,448
4.	Treasury:					
	Grants in lieu of taxes	946,188	—	1,400,000	1,500,000	3,846,188
	Municipal Assistance Grants	101,451,166	15,000,000	15,000,000	15,000,000	146,451,166
	Grants for Police Stations	—	625,903	166,000	324,500	1,116,403
5.	Attorney General's Department:					
	Remission of fines collected under the Alberta Liquor Act	1,464,296	218,464	220,000	220,000	2,122,760
6.	Public Welfare:					
	Indigent Relief	15,567,265	2,672,566	2,750,000	2,750,000	23,739,831
7.	Lands and Forests Department:					
	Refunds of cultivation and grazing leases	3,673,012	590,592	710,000	675,000	5,648,604
8.	Provincial Secretary:					
	Recreational Grants	998,138	1,337,219	1,000,000	600,000	3,935,357
9.	Municipal Affairs:					
	Winter Works Incentive Program	1,777,083	1,168,382	1,400,000	1,680,000	6,025,465
	TOTAL: Direct Financial Assistance	\$578,281,701	\$103,275,293	\$111,914,287	\$108,301,600	\$ 901,772,881
INDIRECT FINANCIAL ASSISTANCE:						
	General Hospitalization for all residents and medical services for Pensioners, Polio, Cancer, etc.	\$174,838,388	\$ 36,098,380	\$ 40,651,490	\$ 48,253,330	\$ 299,841,588
	TOTAL: Direct and Indirect Financial Assistance	\$753,120,089	\$139,373,673	\$152,565,777	\$156,554,930	\$1,201,614,469
ASSISTANCE BY LOANS:						
1.	Self Liquidating Projects Act	\$ 21,994,279	—	—	—	\$ 21,994,279
2.	Municipal Capital Expenditure Loans Act	125,000,000	—	—	—	125,000,000
3.	Other Municipal Loans	66,813,072	—	\$ 125,000	—	66,938,072
4.	School Construction Loans	81,596,363	\$ 1,042,600	—	—	82,638,963
	TOTAL: Assistance by loans	\$295,403,714	\$ 1,042,600	\$ 125,000	—	\$ 296,571,314

NATURAL RESOURCES					
	1961 (Final)		1962 (Preliminary)		
	Production	Value	Production	Value	
		\$		\$	
Crude Oil	bbls. 157,811,712	372,281,052	165,000,000	414,000,000	
Natural Gas Marketed	M.C.F. 419,916,628	50,908,485	600,000,000	74,000,000	
Sulphur—Sales	tons 302,748	6,133,261	560,000	8,375,000	
Coal	tons 2,027,826	10,472,978	2,087,310	9,983,327	
Salt	tons 83,880	1,355,074	89,000	1,500,000	
Cement	tons 677,914	12,420,025	745,000	12,700,000	
Lime	tons 47,506	838,365	50,000	880,000	
Sand and Gravel	tons 12,591,944	10,927,057	12,700,000	11,000,000	
Stone	tons 96,753	337,150	100,000	350,000	
Clay Products	\$	3,517,473		3,700,000	
Gold and Silver	Oz. 188	6,080	195	6,220	
Lumber—Sawmill Production					
(Crown Lands)	F.B.M. 260,000,000	14,950,000	300,000,000	17,250,000	
Fur Wild Life	No. of				
	Pelts 1,253,378	1,433,271	1,532,328	1,523,544	
Commercial Fishing	Lbs. 11,315,457	1,701,187	8,798,610	1,325,000	

OTHER STATISTICS				1961 (Final)	1962 (Preliminary)
Retail Trade				\$ 1,385,000,000	1,460,000,000
Value of Manufactured Shipments				\$ 942,100,000	970,000,000
Electricity—Net Generated	KW Hrs.			3,751,380,000	4,000,000,000
Bank Debits				\$ 17,743,454,000	20,000,000,000
Construction Contracts Awarded				\$ 287,018,900	310,846,400
Value of Building Permits Issued				\$ 234,800,000	287,000,000
Motor Vehicles Licensed	No.			509,298	524,000
Gravelled or Surfaced Roads and Highways	Miles			51,120	52,350
Population—June 1	No.			1,332,000	1,370,000
Number of School Rooms in Operation June 30th	No.			10,066	11,285

ESTIMATED VALUE OF AGRICULTURAL PRODUCTION
FIELD CROPS

	1961		1962	
	Production	Value	Production	Value
	Bushels	Dollars	Bushels	Dollars
Wheat	89,000,000	146,850,000	112,000,000	181,440,000
Oats	86,000,000	50,740,000	123,000,000	72,570,000
Barley	77,000,000	76,230,000	89,000,000	85,440,000
Rye	2,300,000	1,530,000	3,200,000	3,963,000
Mixed Grain	11,257,000	7,600,000	13,500,000	10,530,000
Flaxseed	4,000,000	15,604,000	3,000,000	9,000,000
Potatoes	4,242,000	5,300,000	5,166,000	5,683,000
	Pounds			
Mustard Seed	16,300,000	757,000	30,000,000	1,350,000
Rapeseed	263,000,000	11,835,000	164,000,000	6,232,000
Sunflower Seed	3,200,000	133,000	2,000,000	84,000
	Tons			
Tame Hay	3,171,000	57,750,000	4,000,000	69,000,000
Sugar Beets	525,425	7,803,000	532,000	7,900,000
Miscellaneous Crops		12,442,000		11,500,000
Total Value Field Crops		\$394,574,000		\$464,692,000

Livestock			
	1961		1962
	Number	Value	Number
		Dollars	
Cattle	834,976	150,858,000	761,000
Calves	198,699	18,118,000	190,200
Sheep and Lambs	248,148	3,511,000	274,000
Hogs	2,017,318	76,881,000	1,477,200
Total Value Livestock		249,368,000	

NOTE: Substantial reduction in the number of hogs produced was result of reduced inventory
—or from 1,145,000to 1,140,000 during the year.

Livestock Products			1961	1962
			Value in Dollars	Value in Dollars
Dairy Products			\$ 51,985,000	\$ 49,912,000
Poultry Products			32,157,000	33,250,000
Honey and Wax			1,339,000	797,000
Wool			1,064,000	1,007,000
Fur Farming			2,456,000	2,569,000
Other Livestock Products			3,144,000	3,238,000
			\$ 92,145,000	\$ 90,773,000
SUMMARY			1961	1962
Field Crops			\$394,574,000	\$464,692,000
Livestock			249,368,000	236,527,000
Livestock Products			92,145,000	90,773,000
			\$736,087,000	\$791,992,000

